

# Amerigo Reports 2020 Annual Production Results and Provides 2021 Guidance

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VANCOUVER, Jan. 14, 2021 - [Amerigo Resources Ltd.](#) ("Amerigo" or the "Company") (TSX: ARG) is pleased to announce 2020 production results from Minera Valle Central ("MVC"), the Company's 100% owned operation located near Rancagua, Chile.

MVC produced 56.2 million pounds (M lbs) of copper at a cash cost of \$1.76 per pound (lb) and 1.4 M lbs of molybdenum. All dollar amounts in this news release refer to U.S. dollars (USD).

Annual copper production results were 1% below the latest guidance provided in the Q3-2020 production results. Annual molybdenum production was 6% higher and annual cash cost was \$0.02/lb lower than the Company's latest guidance.

	2020	Q4-2020	Q3-2020	Q2-2020	Q1-2020
<b>Fresh tailings</b>					
Tonnes per day	123,690	136,011	119,285	119,435	120,037
Operating days	353	92	92	91	78
Tonnes processed	43,662,625	12,512,980	10,974,235	10,868,556	9,306,854
Copper grade	0.134%	0.135%	0.136%	0.137%	0.125%
Copper recovery	19.9%	19.3%	20.4%	20.3%	19.9%
Copper produced (M lbs)	25.6	7.17	6.68	6.66	5.13
<b>Cauquenes tailings</b>					
Tonnes per day	47,453	54,541	54,292	35,875	43,763
Operating days	326	91	79	89	67
Tonnes processed	15,488,590	4,985,031	4,362,040	3,164,898	2,976,621
Copper grade	0.251%	0.247%	0.245%	0.257%	0.261%
Copper recovery	34.2%	34.2%	34.5%	34.9%	33.4%
Copper produced (M lbs)	29.31	9.28	8.00	6.31	5.72
<b>Fresh tailings + Cauquenes (M lbs)</b>	<b>54.95</b>	<b>16.45</b>	<b>14.68</b>	<b>12.97</b>	<b>10.85</b>
<b>Slag Processing</b>					
Tonnes processed	14,960	-	-	-	14,960
Copper grade	4.6%	-	-	-	4.6%
Copper recovery	80%	-	-	-	80%
Copper produced (M lbs)	1.23	-	-	-	1.23
<b>Copper produced (M lbs)</b>	<b>56.18</b>	<b>16.45</b>	<b>14.68</b>	<b>12.97</b>	<b>12.08</b>
<b>Copper delivered (M lbs)</b>	<b>56.34</b>	<b>15.90</b>	<b>14.92</b>	<b>13.70</b>	<b>11.82</b>
Cash cost (\$/lb)	1.76	1.65	1.80	1.72	1.94
<b>Molybdenum produced (M lbs)</b>	<b>1.41</b>	<b>0.50</b>	<b>0.37</b>	<b>0.35</b>	<b>0.19</b>
<b>Molybdenum sold (M lbs)</b>	<b>1.46</b>	<b>0.50</b>	<b>0.37</b>	<b>0.36</b>	<b>0.23</b>

## Q4-2020 Results

In Q4-2020, MVC produced 16.5 M lbs of copper at a cash cost of \$1.65/lb and 0.5 M lbs of molybdenum, which represent production increases of 12% for copper and 35% for molybdenum from Q3-2020.

Copper production was positively impacted by higher tonnage processing from fresh tailings and to a lesser

degree from Cauquenes and from more operating days at Cauquenes but was 3% below the latest quarterly guidance due to lower-than-expected recoveries.

In Q4-2020, molybdenum production was 19% over guidance and cash cost was within guidance.

Q4-2020 production results are summarized below:

	October 2020	November 2020	December 2020	Q4-2020
Fresh tailings				
Tonnes per day	135,574	136,535	137,627	136,011
Operating days	31	30	31	92
Tonnes processed	4,170,564	4,096,062	4,246,354	12,512,980
Copper grade	0.134%	0.134%	0.137%	0.135%
Copper recovery	19%	19%	19%	19%
Copper produced (M lbs)	2.39	2.31	2.47	7.17
Cauquenes tailings				
Tonnes per day	53,516	55,271	54,919	54,541
Operating days	31	30	30	91
Tonnes processed	1,643,851	1,658,130	1,683,050	4,985,031
Copper grade	0.249%	0.250%	0.243%	0.247%
Copper recovery	35%	34%	34%	34%
Copper produced (M lbs)	3.12	3.09	3.07	9.28
Copper produced (M lbs)	5.51	5.40	5.54	16.45
Cash cost (\$/lb )	1.61	1.69	1.67	1.65
Molybdenum produced (M lbs)	0.16	0.17	0.17	0.50

Water reserves at Colihues at year end 2020 remained high at 8.5 million cubic meters, which are sufficient for MVC to maintain projected Cauquenes tonnage processing through 2021.

MVC's operations have continued without any significant disruptions due to Covid-19.

## 2021 Guidance

In 2021, Amerigo expects to produce 61.0 M lbs of copper and 1.5 M lbs of molybdenum at a cash cost of \$1.79/lb. The following quarterly production breakdown is currently expected based on MVC's mine plan, including grade and projected recoveries in each quarter:

	Q1-2021	Q2-2021	Q3-2021	Q4-2021	2021
Copper production (M lbs)	15.6	15.6	14.7	15.1	61.0
Molybdenum production (M lbs)	0.4	0.4	0.3	0.4	1.5
Cash cost (\$/lb)	1.83	1.74	1.77	1.81	1.79

Production in H1 is expected to be stronger than in H2 given that MVC and El Teniente's annual plant shutdown will take place in September and October instead of in Q1, as has been the case historically. MVC anticipates losing 8 production days due to the annual plant maintenance shutdown.

MVC has identified additional plant optimization initiatives together with its technical consultant 911Metallurgy Corp., most of which are expected to be completed by the end of Q2-2021, with some of the work continuing into Q3-2021. The Company's 2021 production targets do not include any impact from the optimization work underway.

The Company's 2021 cash cost forecast in this news release assumes a market copper price of \$3.50/lb (2020: \$2.80/lb), a molybdenum market price of \$9.30/lb (2020: \$8.8/lb) and an exchange rate of the CLP to the USD of \$715 (2020: \$792).

The projected 2021 cash cost is currently expected to be slightly higher than in 2020 due to a stronger projected CLP. A 10% change in molybdenum price could have a \$0.02/lb impact on cash cost, and a 10% change on the CLP to USD foreign exchange rate could have an impact of \$0.06/lb on cash cost.

At these assumed variables, the DET royalty would be \$0.90/lb in 2021. The DET royalty is calculated on a sliding scale based on copper prices.

Projected 2021 EBITDA considering these combined variables is expected to be \$50 million.

Annual sustaining capital expenditures (&#8220;Capex&#8221;) in 2021 are expected to be \$5.3 million and capitalizable maintenance and strategic spares are expected to be \$2.4 million. The most significant 2021 sustaining Capex project will be to further optimize the MVC water thickeners with a target increase in water recovery from 1,560 liters per second to 2,100 liters per second, at a cost of \$3.6 million, followed by \$0.7 million on miscellaneous plant improvements, \$0.5 million on environmental safety and compliance projects and \$0.5 million on information technology improvements at MVC.

With respect to MVC&#8217;s financial obligations, the Company currently expects the following to occur in 2021:

- a) MVC is expected to repay a \$7.2 million loan due to El Teniente, which loan originated in 2020 in connection with price settlement adjustments. The loan will be repaid monthly in equal instalments of \$0.6 million plus interest.
- b) MVC also expects to make two semi-annual bank loan payments of \$4.7 million each plus interest in March and September. After these payments are made, MVC&#8217;s bank debt would be \$37.5 million, currently due by September 2023. Under the terms of the loan agreement, MVC can make additional loan prepayments.
- c) Finally, MVC will make payments of approximately \$1.3 million in connection with its molybdenum plant lease.

&#8220;We would like to thank our Amerigo and MVC employees and partners along with our shareholders for a successful 2020 which I believe is demonstrated in our production results. Despite the COVID-19 pandemic we were able to increase production consistently quarter to quarter. We look forward to 2021 and remain optimistic towards the sector and our industry,&#8221; stated Aurora Davidson, President and CEO of Amerigo.

#### *Release of 2020 results on February 18, 2021*

The Company will release its 2020 financial results at market open on Thursday, February 18, 2021.

#### *Investor conference call on February 19, 2021*

Amerigo&#8217;s quarterly investor conference call will take place on Friday, February 19, 2021 at 11:00 am Pacific Standard Time/2:00 pm Eastern Standard Time.

To join the call, please dial 1-800-806-5484 (Toll-Free North America) and enter passcode 1259759# to participate in the Amerigo Resources conference call.

The analyst and investment community are welcome to ask questions to management. Media can attend on a listen-only basis.

#### *About Amerigo and MVC*

[Amerigo Resources Ltd.](#) is an innovative copper producer with a long-term relationship with Corporaci?n Nacional del Cobre de Chile (&#8220;Codelco&#8221;), the world&#8217;s largest copper producer.

Amerigo produces copper concentrate and molybdenum concentrate as a by-product at the MVC operation in Chile by processing fresh and historic tailings from Codelco's El Teniente mine, the world's largest underground copper mine. Tel: (604) 681-2802; Fax: (604) 682-2802; Web: [www.amerigoresources.com](http://www.amerigoresources.com); Listing: ARG:TSX.

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*Cautionary Note Regarding Forward-Looking Information*

This news release contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These forward-looking statements include but are not limited to, statements concerning:

- forecasted production and operating costs;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- our estimates in respect of annual 2021 sustaining capital expenditures;
- the sufficiency of water reserves at Colihues to maintain projected Cauquenes tonnage processing through 2021;
- the timing of completion of MVC's plant optimization initiatives;
- prices and price volatility for copper, molybdenum and other commodities and of materials we use in our operations;
- our estimate as to the amount of the DET royalty in 2021;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- our expectation that MVC will, during 2021, repay its loan due to El Teniente and our expectation of how much MVC is to pay towards its bank loan and its molybdenum plant lease during 2021;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- our ability to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions, including, but not limited to, our estimate of the loss of production days due to the annual MVC plant shutdown scheduled for September and October, 2021;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that are

beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; risks related to the potential impact of global or national health concerns, including COVID-19, and the inability of employees to access sufficient healthcare; government or regulatory actions or inactions; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from Codelco's Division El Teniente's current production and historic tailings from tailings deposit; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Notwithstanding the efforts of the Company and MVC, there can be no guarantee that the Company's or MVC's staff will not contract COVID-19 or that the Company's and MVC's measures to protect staff from COVID-19 will be effective. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about;

- general business and economic conditions;
- interest and currency exchange rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- the grade and projected recoveries of tailings processed by MVC;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- rainfall in the vicinity of MVC returning to normal levels;
- average recoveries for fresh tailings and Cauquenes tailings;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production levels.

Although the Company believes that these assumptions were reasonable when made, because these

assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the Company's prospective results of operations, including, without limitation, an estimate of EBITDA. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the FOFI. The Company has included the FOFI to provide readers with a general overview of management's expectations regarding the anticipated result of operations, and such information may not be appropriate for other purposes.

These forward-looking statements and FOFI are made as of the date of this press release and, except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements, FOFI or the foregoing list of factors, whether as a result of new information or future events or otherwise.

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